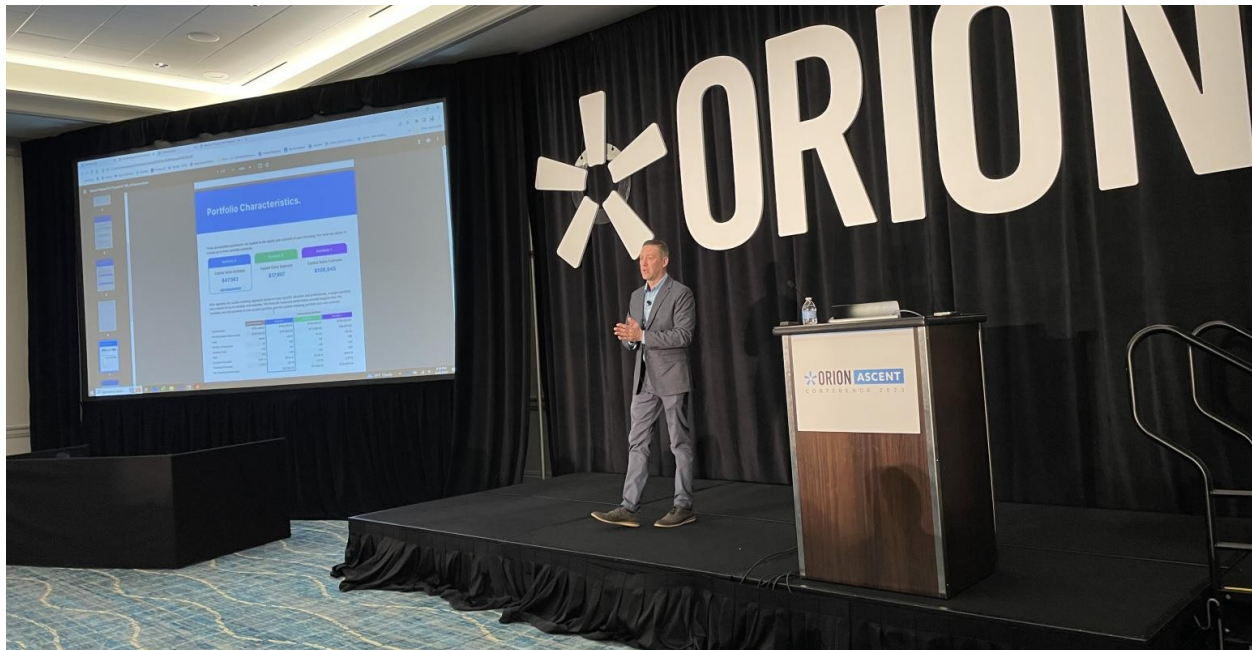


<https://www.wealthmanagement.com/technology/orion-debuts-new-direct-indexing-workflow>



Andrew Rosenberger, Orion's head of custom indexing

## TECHNOLOGY

### Orion Debuts New Direct Indexing Workflow

The wealthtech company announced Story Paths at its Ascent conference in Orlando.

Rob Burgess | Mar 03, 2023

Wealthtech company Orion Advisor Solutions unveiled technology upgrades to its direct indexing platform during its Ascent conference in Orlando, Fla.

Orion's new Story Paths workflow is meant to assist advisors in quickly creating custom portfolios. These can be built to track a traditional index, replicate a factor tilted exposure, or for creating an overlay for an existing internal or third-party separately managed account, with portfolio minimums starting at \$100,000.

In a nutshell, direct indexing, or personalized indexing as it is often called, allows investors to replicate an index by selecting and buying its components and many firms have either acquired or built technology over the last several years to streamline and automate the process. Orion first debuted direct indexing technology in 2018.

During an interview after the announcement, Eric Clarke, Orion's founder and CEO, said his firm had embedded the optimization technology into its trading platform.

"We think that's going to be a game changer," said Clarke. "The optimization technologies can handle so many different preferences that the Story Paths really help the advisor focus on what's most important to the client and optimize for that outcome as opposed to the myriad of different variables."

During a breakout session at the conference, Andrew Rosenberger, Orion's head of custom indexing, said with this advancement, the entire process had been reduced to about three minutes.

"When I think about custom indexing, which is just Orion's term for direct indexing, there's a lot of different functionality," said Rosenberger. "I like to think about it having four different use cases. These aren't mutually exclusive."

Rosenberger said those scenarios included:

Tax transitioning, which can "grow your assets under management by more easily winning new clients through Orion's tax transition software."

Automatic tax loss harvesting, which can "avoid time-consuming back-office work by leveraging our automated loss harvesting."

ESG, SRI and faith-based screening, which can "maintain deeper client relationships by aligning the client's portfolio with their beliefs."

Investment customization, which can "utilize the separate account structure to unwrap and customize a client's portfolio."

Orion is far from the only firm to expand further into direct indexing in the past few months.

For example, in October 2022, Fidelity Investments announced it was expanding its direct indexing lineup with the launch of Fidelity Institutional Custom SMAs, available for select wealth management firms and institutions.

And in November 2022, at Schwab IMPACT, Morningstar debuted its new direct indexing offering.

But, with the rise of direct indexing offerings in the marketplace, is this something advisors and clients want right now? It depends on who you ask.

Some do not, at least right now.

“My clients want it simple,” said William Amick, of Longleaf Advisory Services, who was also attending the conference.

Meanwhile, Bryce Unck, of LPL Financial, said he “definitely” had seen increased interest in these types of offerings, at least with certain clients.

“Some of my clients are in that high-net-worth space and are asking for it,” said Unck.

However, Unck said, there is still a larger lack of awareness it even exists.

A recent survey sponsored by Parametric Portfolio Associates, a direct indexing provider, conducted by Cerulli Associates, found that more than half of HNW advisors are unfamiliar with direct indexing.

“Some have no clue what it even is,” said Unck. “I think there’s education in it and I think that kind of puts us into a space where we can educate and make sure that with the cost and everything like that, making sure it’s the right fit for the client. But I think there’s a big space for it, especially in our industry right now.”

Orion also announced its first proposal generation tool for Orion Advisor Tech clients, available with its recently introduced Orion Advantage and Essentials stacks. The proposal generation technology workflow is integrated throughout Orion’s tech ecosystem, including Orion Connect, Orion Planning, Communities model marketplace, Orion Risk Intelligence and Redtail CRM, according to the company.

Clarke said their “best-in-class proposal tool” will “help the advisor explain the benefits of direct indexing to the client.”